



April 14, 2011

Ms. Jennifer J. Johnson
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, N.W.
Washington, D.C. 20551

Federal Trade Commission
Office of the Secretary, Room H-113 (Annex M)
600 Pennsylvania Avenue, NW.
Washington, DC 20580.

Re: Docket No. R-1407 and RIN No. RIN 7100-AD66; FCRA Risk-Based Pricing
Rule Amendments: Project No. R411009

Dear Sir or Madam:

This comment letter is submitted by the Consumer Bankers Association ("CBA") in response to the proposed rule published in the *Federal Register* on March 15, 2011 by the Board of Governors of the Federal Reserve System ("Board") and the Federal Trade Commission (FTC). This proposal would amend the risk-based pricing rules to require disclosure of credit scores and related information on these notices if the score is used in setting the material terms of credit. These rules would implement the requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) that require this information on these notices.

CBA appreciates the efforts of the Board and the FTC in issuing this proposal to assist financial institutions in complying with Section 1100F of the Dodd-Frank Act, which requires credit score information for both the risk-based pricing notices and the adverse action notices required under the Fair Credit Reporting Act (FCRA). We also appreciate the attempt of the Board and the FTC to issue the proposal at this time to help financial institutions comply with these statutory provisions prior to the July 21, 2011 effective date.

We recognize the current risk-based pricing rules provide an exception if the creditor provides a credit score disclosure exception notice. Neither the Dodd-Frank Act nor this proposal limits the ability of creditors to provide these exception notices in lieu of the general risk-based pricing notices. However, for banks that do not use this exception, complying with both Section 1100F and with this proposal will require a significant amount of time in order to prepare for these changes, and it is not reasonable to expect

banks will be able to comply by the July 21st statutory compliance date. As outlined in the regulatory analysis required under the Paperwork Reduction Act, the Board and the FTC estimate it will require sixteen hours, or two business days, to update systems and modify model notices in order to comply with these proposed requirements. In our view, this significantly underestimates the time needed to comply with these changes.

For this reason, although we would not oppose a July 21, 2011 effective date for those institutions that may be able to comply at that time, we believe that mandatory compliance with this credit score disclosure rule should be delayed until at least twelve months after these changes are issued in final form. This will be necessary in order to allow financial institutions sufficient time to revise the risk-based pricing disclosures, implement and test the necessary data processing changes, and provide appropriate staff training.

Over the years, the Board has issued numerous revisions to its consumer protection rules and has often delayed mandatory compliance for at least one year after the effective date in order to provide financial institutions sufficient time to implement the necessary changes. The rationale for providing a similar mandatory compliance date is no less applicable with regard to this proposal, and even more so in the current regulatory environment in which financial institutions are being required to comply with an increasing number of new regulations under the Dodd-Frank Act that are being issued within a relatively short period of time.

We recognize at this point that compliance with Section 1100F of the Dodd-Frank Act will be required as of July 21, 2011, regardless of when compliance with these rules is required. However, we believe the Board and the FTC should indicate to the banking industry that compliance with these statutory provisions will not be feasible, and therefore not required, until the industry has sufficient time to revise these risk-based pricing disclosures, implement and test the necessary data processing changes, and provide the appropriate staff training. Section 615(h) of the FCRA clearly indicates that the Board and the FTC have rulemaking authority to implement the risk-based pricing requirements, which we believe allows the agencies to delay implementation of Section 1100F until rules are issued. Again, our view is the industry will need at least one year to implement these changes, and we note the Board and the FTC allowed such a time period when the earlier risk-based pricing rules were published in the Federal Register on January 15, 2010, with an effective date of January 1, 2011.

Due to the imminent July 21st statutory compliance date for Section 1100F, many banks may now be preparing to use the model notices that were provided in the proposal, as opposed to waiting for the issuance of the final rule, even though there is the possibility that the proposed model notices may be changed. If the Board and the FTC do not extend the compliance date, as suggested above, then we urge the agencies to allow these banks to continue to use the proposed notices as an alternative means to qualify for the safe harbor protections if the notices in the final rule are different.

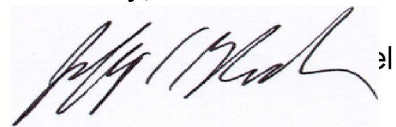
For co-borrowers, the proposal would require creditors to provide a separate notice to each consumer if the notice includes a credit score, even if they live at the same

address. In these situations, each separate notice must only include the score of the consumer to whom the notice is provided. A consumer who receives only their own credit score that is relatively high may not understand the reason for receiving credit on less than the most favorable terms. Although we are not suggesting that the proposed model forms be changed, we do request that the Board and the FTC allow banks to tailor their notices to alert co-borrowers to the possibility of these situations.

Conclusion

Thank you for the opportunity to comment on the risk-based pricing notice proposal. If you have any questions or wish to discuss these issues further, please feel free to contact me at (703) 276-3862 or at jbloch@cbanet.org.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeffrey M. Bloch", followed by a small "JMB" monogram.